

# ICI's Updated Fund Data Classification

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# Agenda

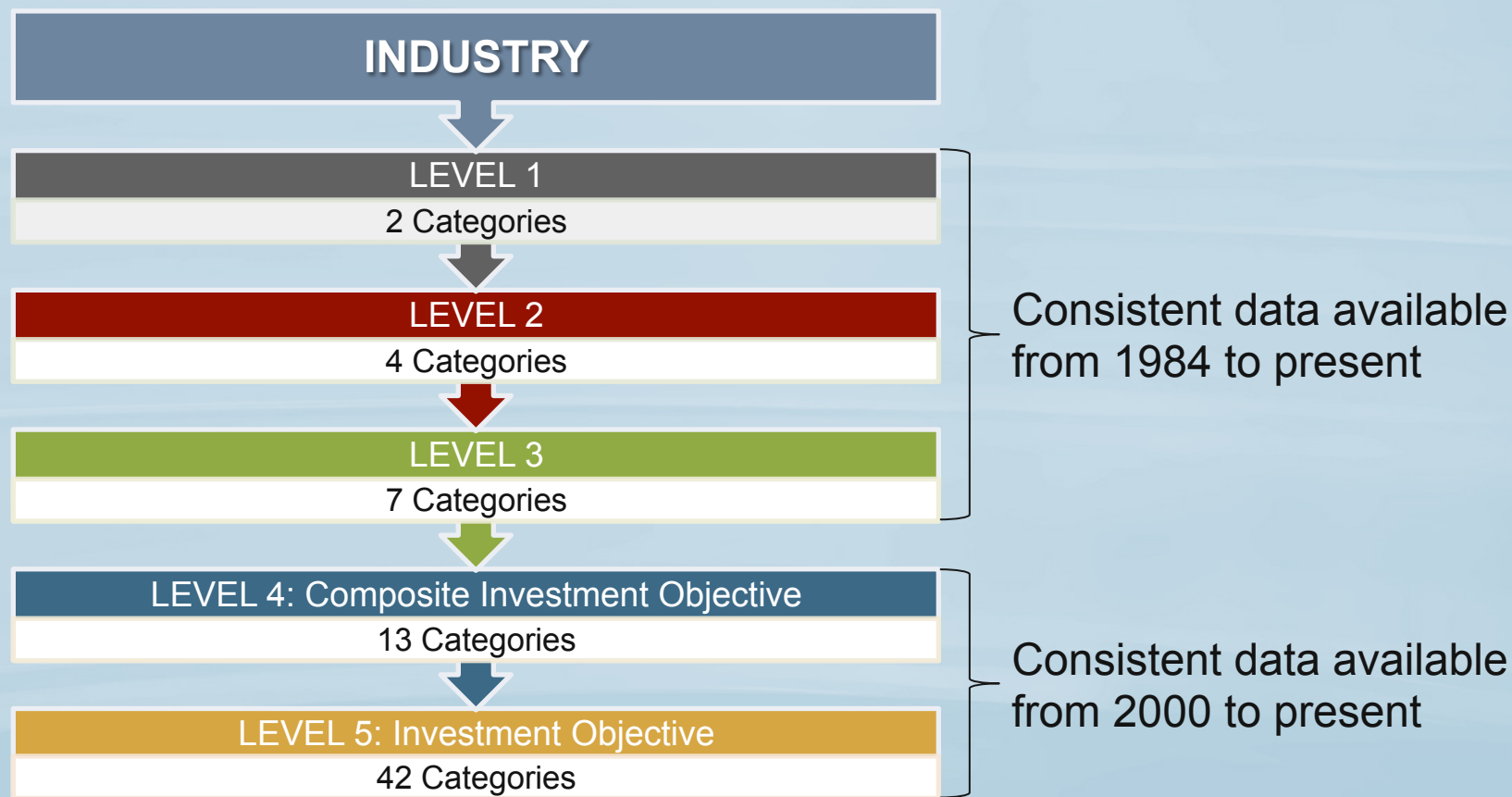
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- ICI data classification overview
- Why are the investment objectives (IOBs) changing now?
- How are the funds being reclassified?
- What is the impact of these changes?
- Where can I find more information about these changes?

## ICI Data Classification Overview

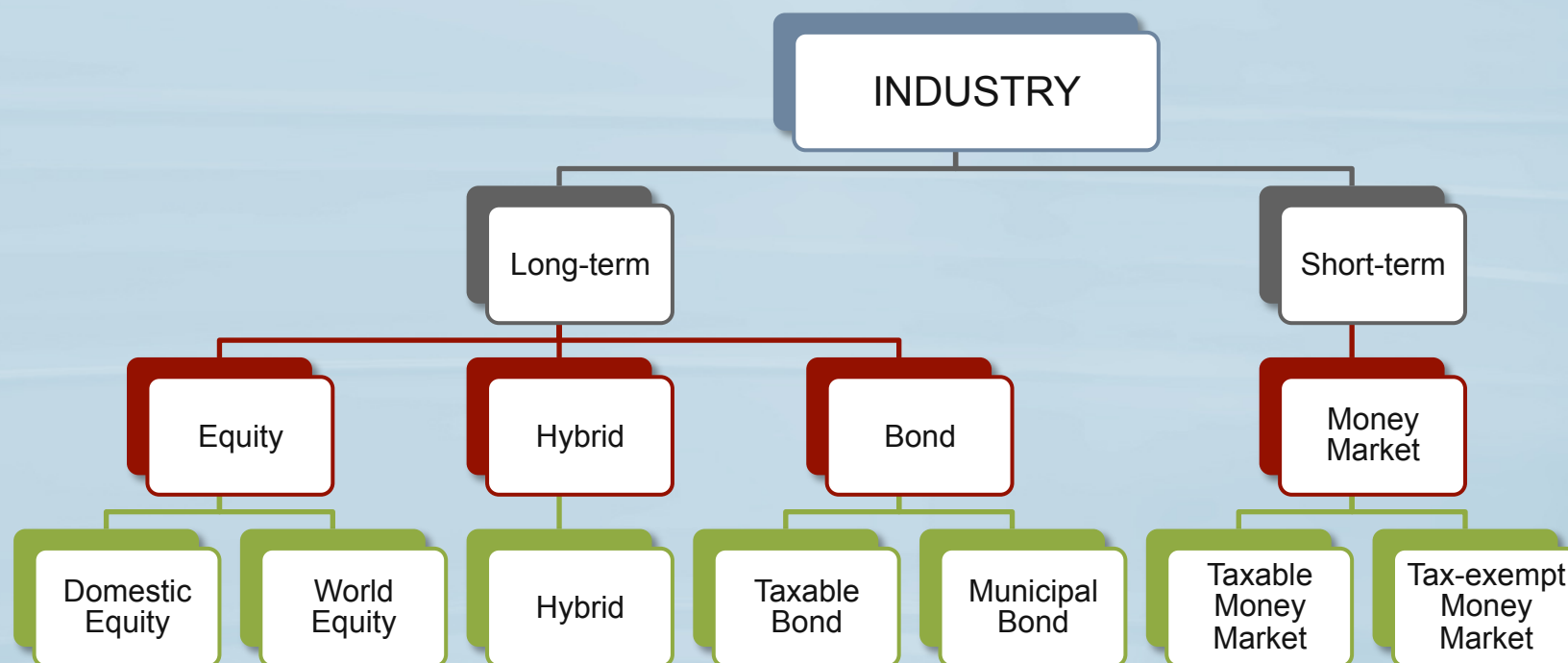
- Periodic database-classification refresh balances need for data consistency with need to reflect market changes
- ICI open-end mutual fund database has five levels of detail
- ICI reclassification affects levels four and five: composite investment objectives and the most granular investment objectives (IOB)
  - Consistent data at the aggregate level will continue to be available monthly from 1984 to present (levels 1–3)
  - Data by new composite IOBs and most new data by IOBs are available monthly from 2000 to present (levels 4–5)

# New Mutual Fund Classifications



# ICI Mutual Fund Classifications, Levels 1–3

Consistent data available from 1984 to present



## Why Are IOB Categories Changing Now?

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- Last full database update was in 1998
- Industry growth since 1998 means that:
  - Many new types of funds emerged
  - New IOB level data categories were expanded and refined to reflect changes
- The new categories are more in line with current industry terminology and practices

## How Are the Funds Being Reclassified?

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- ICI classifies funds based on prospectus language
- Staff reviewed prospectuses for all mutual funds active since 2000 and reclassified funds in our database
- IOBs expanded from 33 to 42 categories:
  - New categories for Alternative Strategy funds under the Domestic and World Equities, Hybrid, and Bond fund groups
  - New categories added in the Bond group to enable a more detailed analysis of these funds

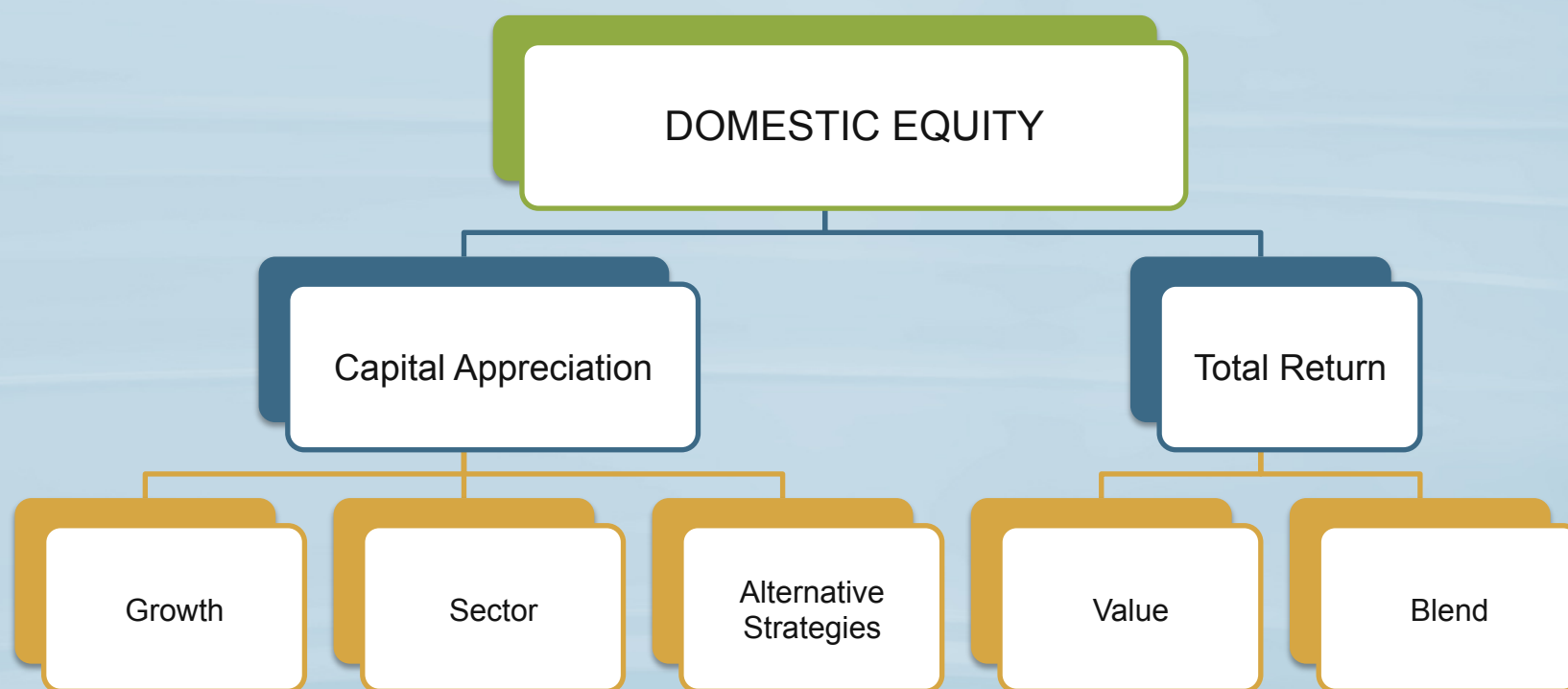
## Changes in Equity Mutual Fund IOB Classifications

- Domestic Equity remains the same but the funds in this category have changed significantly
- For example, Total Return category now includes funds with a Value or Blend strategy
  - Many funds investing in small-cap companies were previously included in the Capital Appreciation category
- For example, new categories for Alternative Strategy funds under the Capital Appreciation and World Equity IOB categories



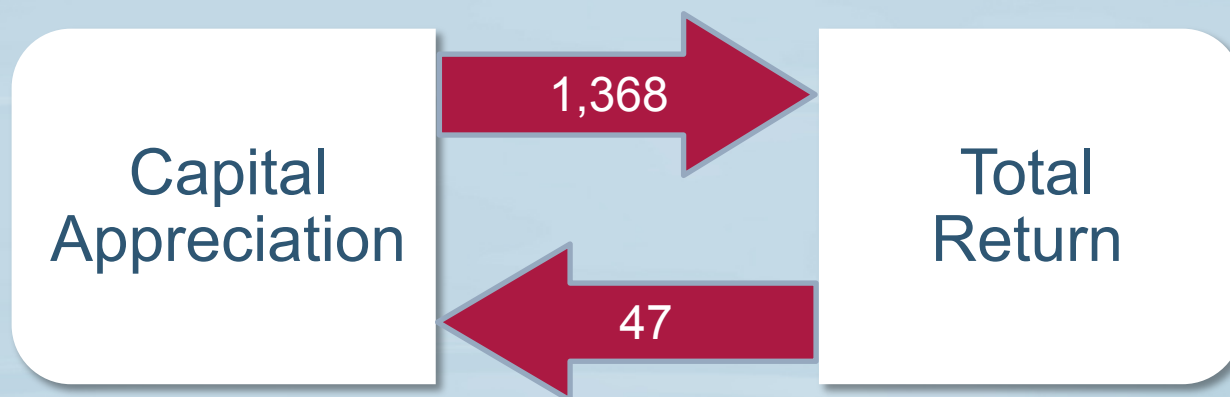
# New Domestic Equity Mutual Fund IOB Classifications

Consistent data available from 2000 to present (levels 4–5)



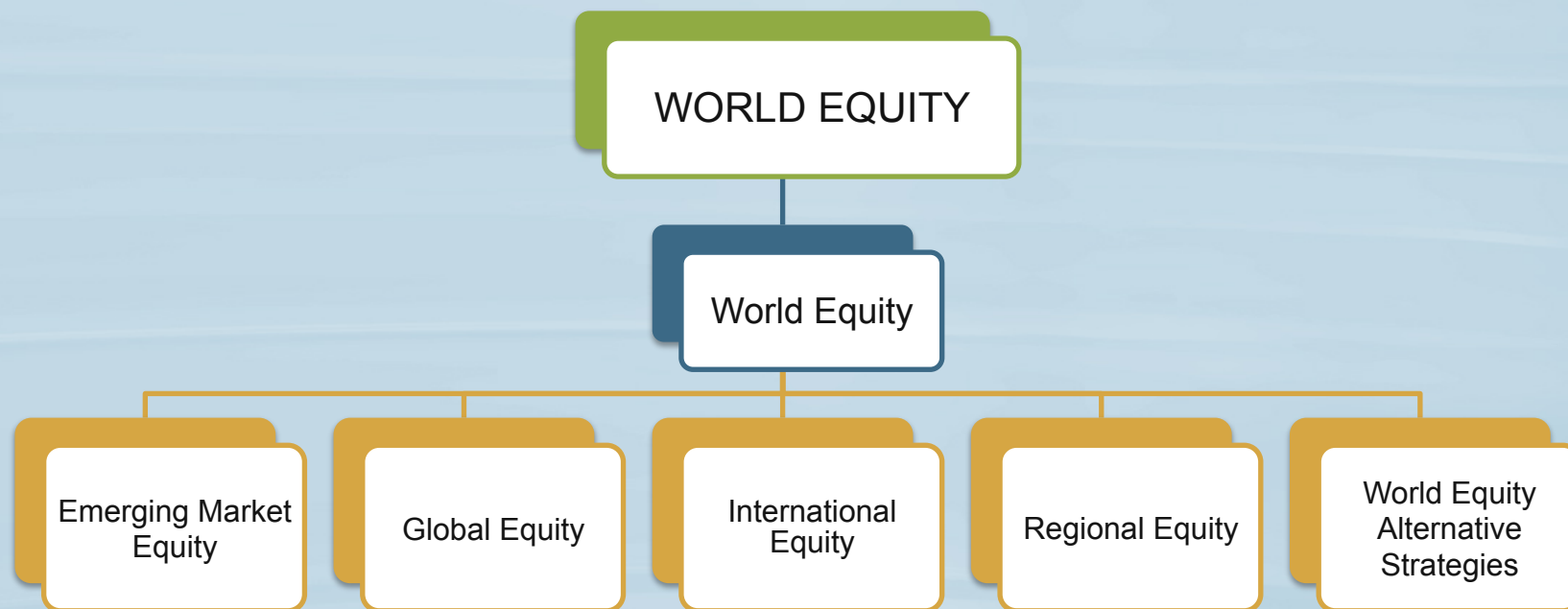
## Changes in the Domestic Equity Mutual Fund Classifications

The number of funds that moved between Capital Appreciation and Total Return categories



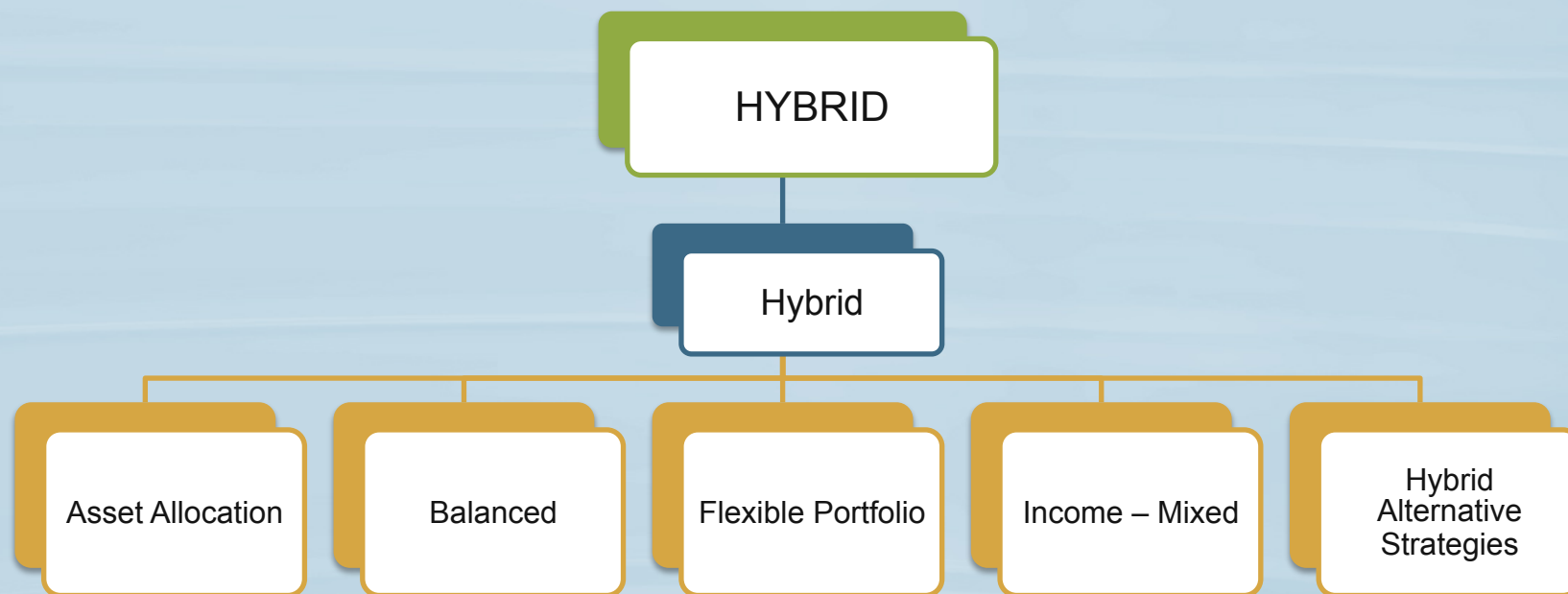
# New World Equity Mutual Fund IOB Classifications

Consistent data available from 2000 to present (level 4 and most of level 5)



# New Hybrid Mutual Fund IOB Classifications

Consistent data available from 2000 to present (level 4 and most of level 5)

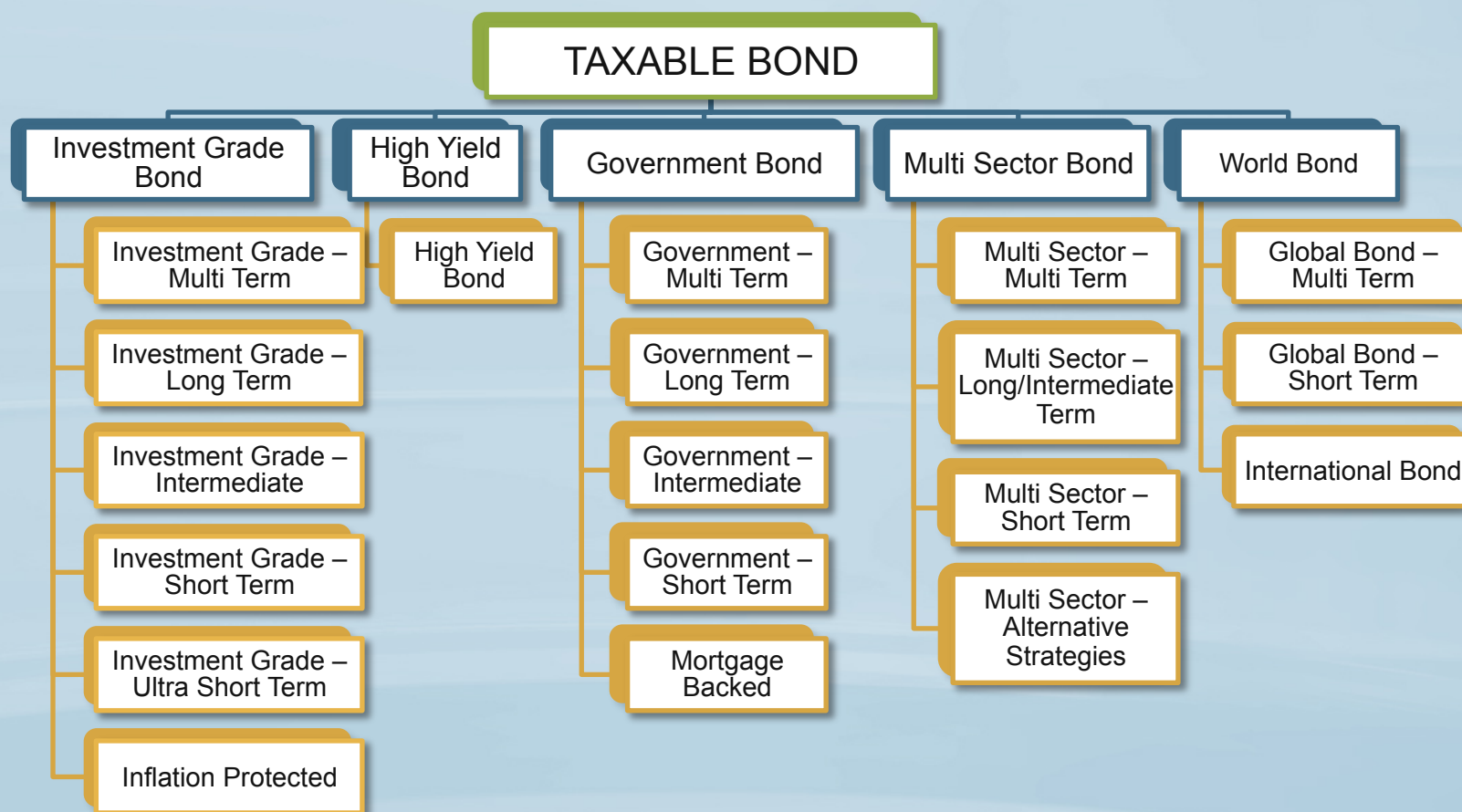


## Changes in Bond Mutual Fund IOB Classifications

- Additional categories to show more detail on duration
- The term “investment grade” replaced “corporate bond”
- New category for Alternative Strategy funds under the Multi Sector category
- As a result, many funds moved from Strategic Income into other bond categories (the old category was replaced by the Multi Sector bond category, to more correctly represent the funds in this category)
- The State Municipal Bond General and Short-term categories were combined

# New Taxable Bond Mutual Fund IOB Classifications

Consistent data available from 2000 to present (level 4 and most of level 5)



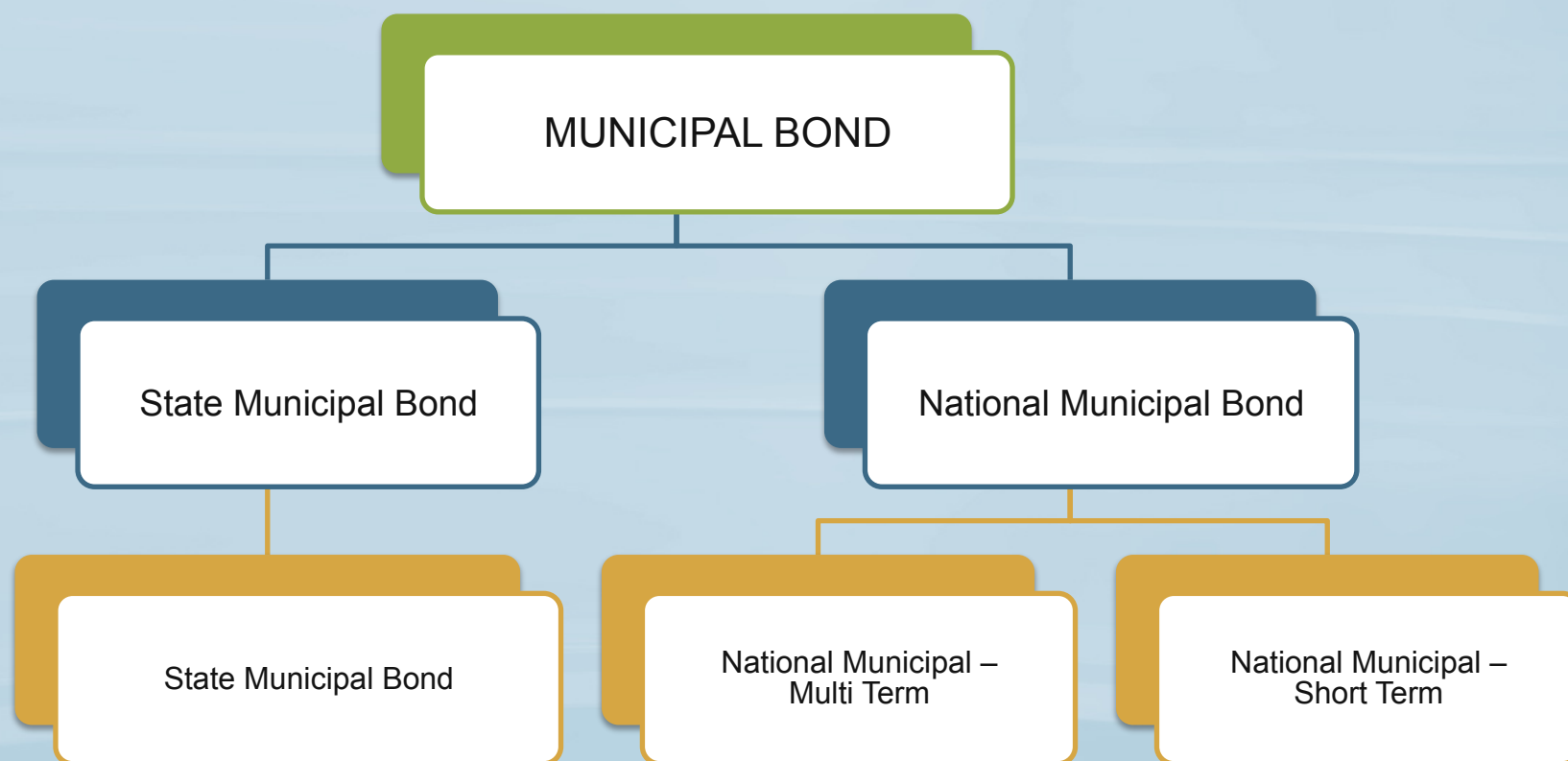
# Changes in the Taxable Bond Mutual Fund Classifications

Strategic Income funds moved into many different categories



# New Municipal Bond Mutual Fund IOB Classifications

Consistent data available from 2000 to present (levels 4–5)





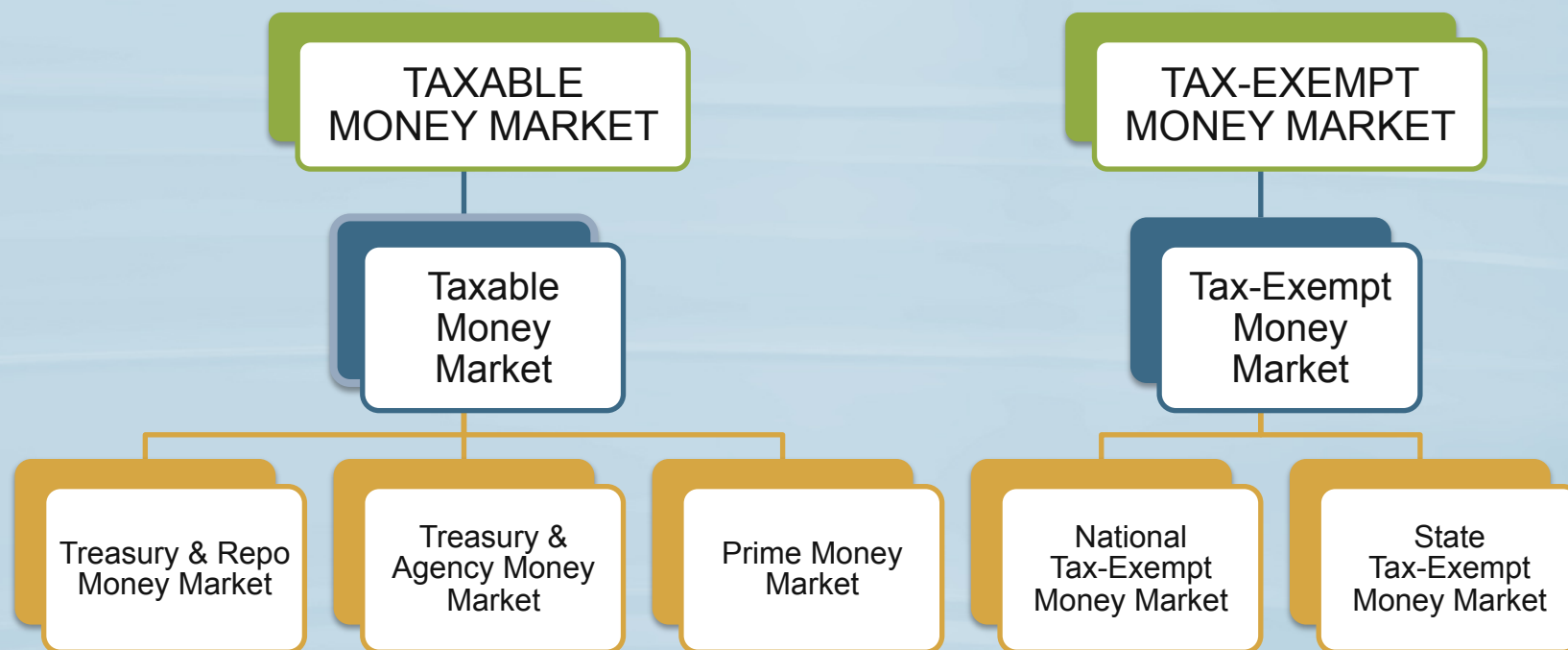
## Changes in Money Market Fund Classifications

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- The term “prime” has replaced “non-government”
- New category shows Taxable Government funds split into Treasury & Repo and Treasury & Agency funds
- Tax-exempt classifications are unchanged
- Changes enable a more detailed split on both the weekly and monthly surveys

# New Money Market Fund IOB Classifications

Consistent data available from 2000 to present (levels 4–5)



## ICI Data Reclassification Key Points

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- The new classifications better reflect the industry and enable a more detailed analysis of industry trends
- Aggregated data available monthly, 1984 to present (levels 1–3)
- Data at the new composite IOB and most IOB levels available monthly, January 2000 to present (levels 4–5)
- Going forward, the new classifications will be reflected in long-term flows and *Trends* reports, as well as money market funds report
- For more information, [www.ici.org/iob\\_update](http://www.ici.org/iob_update)

# Questions and Answers